



California Fair Political Practices Commission

June 18, 1986

Tom C. Stickel, Chairman
TCS Enterprises, Inc.
3878 Old Town Avenue, Ste. 202
San Diego, CA 92110

Re: Your Request for Advice
Our File No. A-86-173

Dear Mr. Stickel:

Thank you for your letter of May 14, 1986, requesting advice with respect to TCS Enterprises Inc.'s disclosure obligations under the campaign reporting provisions of the Political Reform Act (Government Code Sections 81000-91015).

QUESTIONS

You have asked the following questions:

1. TCS Enterprises, Inc. provides office space to the California Republican Party and its Chairman, Clair Burgener. You have asked how the value of the office space should be determined for purposes of reporting an in-kind (non-monetary) contribution to the California Republican Party.
2. One of TCS Enterprises' employees has been working on a fundraising dinner for Governor Deukmejian. You have asked how to report this type of contribution.
3. You have asked if the Commission would conduct a field audit to assure that TCS Enterprises is fully complying with the requirements of the Act.

ANSWERS

1. Government Code Section 82025.5 requires that whenever the amount of goods or services, facilities or anything of value other than money is required to be reported, "the amount reported shall be the fair market value." The fair market value of donated office space is whatever it would cost the committee to rent similar office space on the open market. It is also recommended that whenever non-monetary contributions are made, you notify the recipient of the amount of the contribution.

Tom C. Stickel
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2. With regard to the donation of employee time, FPPC regulation 2 Cal. Adm. Code Section 18423 requires that salary and other compensation paid to an employee who spends 10 percent or more of his or her compensated time in any one month engaged in political activities must be reported as a non-monetary contribution. A copy of regulation Section 18423 is enclosed. Again, the recipient of such a contribution should be notified of its value.
3. Although your expression of concern to comply with both the letter and the spirit of the Political Reform Act is appreciated, the Commission has no authority to conduct audits of major donor committees unless there is some reason to believe that a violation of the Act has occurred. In addition, the Act imposes no requirement on major donor committees to keep separate records of campaign expenditures. However, the Commission staff is available to answer any specific questions you have with regard to valuing and reporting campaign contributions made by TCS Enterprises.

I hope the foregoing has been helpful. Please do not hesitate to contact me at (916) 322-5662, or the Commission's Los Angeles office at (213) 620-5196, if you have additional questions.

Sincerely,

Carla Wardlow

Carla Wardlow
Political Reform Consultant

Enclosure



TCS ENTERPRISES, INC.

F P P C

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May 14, 1986

Ms. Jeanne Pritchard
Chief Technical A&A
FPPC
428 J Street, Suite 800
P.O. Box 807
Sacramento, CA 95804

Dear Ms. Pritchard:

I am writing to follow-up on a discussion Bill Crocker, our Administrative Aide, had with Michael Pruden, an attorney in the FPPC Enforcement Division. On Monday, May 12, Mr. Crocker asked Mr. Pruden if an auditor from the FPPC could conduct an on-site audit of our company to ensure that we are in full compliance with the letter and spirit of applicable FPPC laws. He said that this type of audit was not common and that we could direct our specific questions to you.

Before I present my questions, I would like to explain my compelling interest in the types of review we suggested. As a former bank president and corporate officer with audit responsibilities, and as a current California State University Trustee serving as a member of the Audit Committee, as well as the current Chairman of a financial service corporation, I recognize the extent and obligatory nature of regulatory statutes. While our current interpretations of the statutes show that we are in full compliance, the added assurance of your audit would further put any concerns of our compliance to rest.

As a financial institution, we are subject to (and welcome) outside and independent audits of our operations. The feedback from these reviews allow us to further our commitment to integrity as individuals and as a corporate entity. Our request for an audit by you is simply an extension of this commitment to follow the letter and spirit of the law in a format we both know and understand.

Specifically, I would appreciate your comments and recommendations regarding the following questions:

1. We currently donate office space to the California Republican Party and its Chairman, Clair Burgener. Mr. Burgener is also a member of our corporate Board of Directors. In the past, we have not allocated space

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cost or applicable overhead (i.e. utilities, janitorial services, etc...) on a square footage basis; rather, we have estimated this cost consistent with established company norms. Is this an acceptable method of assigning and claiming in-kind donation costs? If not, could you please suggest an alternate method?

2. One of my staff members has been working on a fund raising dinner for Governor George Deukmejian. I would like to claim his time as an in-kind donation to the Deukmejian campaign. Specifically, how can I do this and what are the regulations concerning this type of contribution?
3. Can we request a field audit to assure compliance?

Your answers to these question will be greatly appreciated. Please be assured that any suggestions the FPPC can offer will receive immediate attention to ensure our compliance.

Should you have any questions or desire further information, please contact me. Thank you for your time and I look forward to receiving your response.

Respectfully yours,

A handwritten signature in cursive script that reads "Tom C. Stickel". The signature is written in dark ink and is positioned above the printed name and title.

Tom C. Stickel
Chairman & CEO

TCS:rh



California Fair Political Practices Commission

May 23, 1986

Tom C. Stickel
TCS Enterprises, Inc.
3878 Old Town Avenue, Suite 202
San Diego, CA 92110

Re: 86-173

Dear Mr. Stickel:

Your letter requesting advice under the Political Reform Act has been received on May 19, 1986 by the Fair Political Practices Commission. If you have any questions about your advice request, you may contact the Technical Assistance and Analysis Division at (916) 322-5662.

We try to answer all advice requests promptly. Therefore, unless your request poses particularly complex legal questions, or unless more information is needed to answer your request, you should expect a response within 21 working days.

Very truly yours,

A handwritten signature in cursive script that reads "Jeanne Pritchard".

Jeanne Pritchard
Chief

Technical Assistance and Analysis
Division

JP:plh